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BEFORE THE

Federal Communications Commission

WASHINGTON, D.C. 20554

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In the Matter of

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY)
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Direct Access to the INTELSAT System

IB Docket No. 98-192

File No. 60-SAT-ISP-97

To: The Commission

COMMENTS OF LOCKHEED MARTIN CORPORATION

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SUMMARY

Lockheed Martin Corporation ("Lockheed Martin"), pursuant to Section 1.415 of the Commission's Rules, hereby comments on the Commission's Notice of Proposed Rule Making ("NPRM") in the above-captioned proceeding. In the *NPRM*, the Commission tentatively concludes that it has discretionary authority under the Communications Satellite Act of 1962, as amended, and the Communications Act of 1934, as amended, to permit the International Telecommunications Satellite Organization ("INTELSAT") the option of providing contractual direct access to the INTELSAT space segment (known within INTELSAT as "Level 3 direct access" and referred to herein as "direct access" or "Level 3 direct access") directly to customers in the U.S. market.

Lockheed Martin fully supports the Commission's objective of introducing competition into markets where competition does not exist and enhancing competition in markets where competition already exists. Its comments here are inherently forward looking, as they urge the Commission not to permit itself to be distracted from its longstanding policy of promoting competition in the marketplace for international satellite services and facilities by its pursuit of a direct access approach that promises benefits that are uncertain and at best short-lived.

Lockheed Martin believes that the swift and pro-competitive privatization of INTELSAT must remain the paramount objective of the Commission, the Congress, and the Executive Branch as they chart the future course of international telecommunications competition. It is against the backdrop of privatization that all other policy initiatives -- including the instant inquiry with respect to Level 3 direct access by INTELSAT to the United States -- must be measured.

As Lockheed Martin explains, there are many reasons for the Commission to determine that U.S. national and international telecommunications policy objectives are not furthered by allowing Level 3 direct access, even if the Commission were to determine that it has statutory authority to do so. Initially, any policy permitting direct access by INTELSAT to the U.S. market would be in place for only a very short time. INTELSAT is in the process of privatizing, and the implementation of privatization is expected to occur during the year 2001. Inasmuch as the regulatory concept of direct access would have no significance upon privatization, and the Commission is many months, if not years, away from being able to implement direct access by INTELSAT, any such policy would, at best, be short lived.

Lockheed Martin also emphasizes that the answer to the critical question of whether end users will benefit from direct access is altogether uncertain. There is nothing to indicate either that there would be a reduction in rates to be paid by carriers for access to INTELSAT or, perhaps more importantly, that any such potential reduction would be passed along to end users -- the consumers who are presumably the intended beneficiaries of the proposal to permit INTELSAT to have direct access to the U.S. market.

Lockheed Martin also observes that there is no connection between direct access and the promotion of facilities-based competition. If direct access were a prerequisite to a finding of competition on a particular route, the Commission's decision earlier this year finding COMSAT non-dominant on the majority of its routes would not have been possible. In other words, competition exists without regard to the direct presence of INTELSAT in the US market.

Finally, Lockheed Martin's strongest concern about the direct access rulemaking proceeding is that it will divert the attention of key policymakers and associated resources away

from critical aspects of INTELSAT privatization. This sort of distraction is unwelcome, particularly at this critical juncture in the privatization process.

At this point, for the reasons it provides in these comments, including the recognition that there is a related examination on all aspects of COMSAT's role in INTELSAT that will be undertaken in Congress early in the term that starts in less than two weeks, Lockheed Martin urges the Commission not to adopt a policy permitting Level 3 direct access by INTELSAT. It should instead redouble its focus on taking all steps that it can -- both on its own and through careful liaison with Congress and the Executive Branch -- to secure the rapid and pro-competitive privatization of INTELSAT.

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¹ *Direct Access to the INTELSAT System*, FCC 98-280 (released October 28, 1998 ("NPRM"). The deadline for comments was subsequently extended from December 18 to December 22, 1998. See *COMSAT Corporation*, DA 98-2371, slip op. at 1 (International Bureau, released November 23, 1998).

² 47 U.S.C. § 701, et seq. (the "Satellite Act").

³ 47 U.S.C. § 151, et seq. (the "Communications Act").

⁴ *NPRM*, FCC 98-280, slip op. at ¶ 2.

access offers any potential benefits, the competitive concerns that are raised by direct access, and the manner in which direct access would affect U.S. efforts to privatize INTELSAT.⁵

I. INTRODUCTION

Lockheed Martin strongly supports the Commission's objective of enhancing competition in those markets where competition in international telecommunications services already exists and introducing competition in those markets where competition does not yet exist.⁶ Lockheed Martin's support for this objective is demonstrated in very practical terms by the company's strategic decision to pursue the acquisition of COMSAT Corporation ("COMSAT"). Upon consummation of the acquisition of all of COMSAT, COMSAT's experience as a provider of satellite services will be joined with Lockheed Martin's financial resources, space systems expertise and its own operational experience in a multitude of highly competitive environments. The successful combination of the two companies will strengthen the role of U.S. industry in the area of commercial satellite services, ensure robust competition in the global market for those services, and provide significant benefits to consumers worldwide.

Lockheed Martin is very aware of the long history associated with the issue of direct access -- and no doubt familiarity with that history provides a nuanced understanding of how the issue has been approached over the years. However, as with so much that comes before the

⁵ *Id.* at ¶ 15.

⁶ *NPRM*, FCC 98-280, slip op. at ¶ 2.

Commission at this time -- particularly in the satellite area -- the issue of direct access needs to be addressed in today's market context. Because of its transactional arrangement with COMSAT, Lockheed Martin brings to this issue the fresh perspective both of a company that is participating in this important debate for the first time, and of a company that is thoroughly familiar with the realities of competition in international aerospace and satellite markets.

Lockheed Martin does not believe that implementation of Level 3 direct access in the United States at this time supports the objectives the Commission and the United States hope to accomplish with respect to competition in the market for international telecommunications. First, there is no intuitive connection between direct access and the promotion of competition in international telecommunications services. If direct access were a prerequisite to there being competition on a particular route, the Commission's decision earlier this year finding COMSAT non-dominant on the majority of its routes would not have been possible. In other words, competition already exists without regard to the direct presence of INTELSAT in the U.S. market.

Second, if the specific objective of the United States is to promote effective, long-term facilities-based competition in international telecommunications, the best way to do so is by fostering the pro-competitive privatization of INTELSAT, not by authorizing direct access by the existing organization. Lockheed Martin is clearly not advocating maintenance of the status quo with respect to COMSAT or INTELSAT. Quite the contrary, Lockheed Martin believes the Commission should examine direct access to the U.S. market only in the larger context of the on-

going effort to restructure and ultimately privatize INTELSAT, rather than pursue a short-sighted direct access approach which may provide only uncertain, and at best short-lived, "benefits."

It is Lockheed Martin's strongly-held view that the privatization of INTELSAT must remain the paramount objective of the Commission, the Congress, and the Executive Branch as they chart the future course of international telecommunications competition (both intermodal and intramodal). When the instant proceeding is placed in its appropriate context, it should become clear to the Commission, as it is to Lockheed Martin, that there are many reasons for the Commission to approach the issue of direct access with a new perspective, one that has less to do with preoccupations about the proper structure of U.S. domestic relationships with the existing intergovernmental INTELSAT, than with the fundamental restructuring of INTELSAT itself.

Recognizing that an examination of all aspects of COMSAT's role in INTELSAT will be undertaken by Congress early in the congressional term which starts in less than two weeks, Lockheed Martin urges the Commission to determine that, for the reasons set forth below, U.S. national and international telecommunications policy objectives are not furthered by allowing Level 3 direct access, even if the Commission were to determine that it has statutory authority to do so. The Commission should focus instead on taking all steps that it can -- both on its own and through careful liaison with Congress and the Executive Branch -- to secure the rapid and pro-competitive restructuring and privatization of INTELSAT.

II. DISCUSSION

A. The Policy “Benefits” Potentially Attainable From Direct Access Are Uncertain And, At Best, Of Very Limited Duration.

The marketplace for international telecommunications services is becoming more and more competitive, and the Commission’s decisions over the last few years, including its recent determination of non-dominance for COMSAT for the vast majority of its INTELSAT traffic,⁷ reflect this fact.⁸ Indeed, this development in the marketplace for international telecommunications services has created much of the impetus for restructuring and privatizing INTELSAT. The prospect of successfully transforming an intergovernmental organization, which was for many years the world’s only provider of international commercial satellite

⁷ See *COMSAT Corporation Petition Pursuant to Section 10(c) of the Communications Act of 1934, as Amended, for Forbearance from Dominant Carrier Regulation and for Reclassification as a Non-Dominant Carrier*, 13 FCC Rcd 14083 (1998) (“*COMSAT Non-Dominance Order*”).

⁸ To be sure, the satellite industry, the telecommunications industry, and indeed the global business climate have all changed dramatically over the last two decades. In the early 1980s, the notion of intramodal competition in the marketplace for international satellite services was nothing more than a gleam in the eye of a few visionaries; there was but one U.S. phone company; earth stations were not consumer or even commercial products; and COMSAT’s rates were all bundled to include unsegregated earth and space segment charges. Today, the INTELSAT system faces competition from a variety of global satellite operations (including several U.S. companies already with more on the way), and most recently from a company spun off from INTELSAT itself (*see Requests for Special Temporary Authority to Operate on INTELSAT Satellites Transferring to New Skies, N.V.*, DA 98-2431 (International Bureau, released November 30, 1998)); telecommunications monopolies around the world have broken up and new and privatized successors have established themselves; and transoceanic fiber optic cable now is a true competitive alternative to INTELSAT’s core trunked telephony services on many routes.

services, into a private commercial enterprise that will compete on par with other commercial satellite systems was almost unimaginable even a few years ago. The changed circumstances concerning competition in satellite services could not be demonstrated more dramatically than by the fact that the question before policy makers in 1998 -- contra in 1984 -- is that of potential market disruption by, not disruption to, an intergovernmental organization such as INTELSAT. Yet, within the next 36 months or so, a fully-privatized INTELSAT is expected to begin offering international satellite services on the same basis as such facilities-based providers as PanAmSat Corporation, and Loral/Orion. This speaks well of INTELSAT's commitment to competition, and the United States should provide every positive encouragement to its partners within INTELSAT to remain focused on the task of completing a successful pro-competitive privatization as speedily as possible.

INTELSAT itself has recognized that it needs to be privatized, and Lockheed Martin would hope and expect that the U.S. would work closely with INTELSAT to ensure that both that organization's aims and those of the U.S. are achieved. The pro-competitive privatization of INTELSAT is absolutely critical to the future marketplace for international commercial telecommunications services. If privatization is mishandled or unduly delayed, there is likely to be a negative impact that retards the continued emergence of international commercial satellite services. On the other hand, if a pro-competitively privatized INTELSAT is introduced into the marketplace, as is being advocated by INTELSAT's new chief executive officer, the resulting

increased capacity offered on a fair basis will trigger increased demand for international satellite services, benefiting all industry participants and consumers worldwide.

1. Any "Benefits" To Be Derived From The Initiation Of A Policy Of Direct Access By INTELSAT Would, At Best, Be Very Short Lived.

The implementation of Level 3 direct access at this time, even if determined to be statutorily permissible, offers little or nothing in the way of "benefits" that could offset the "costs" associated with a delay or mishandling of the INTELSAT privatization issue. The first aspect of this concern has to do with logistics and timing. The second aspect has to do with the fact that, in all of the proceedings on direct access stretching back over the last 16 years, it has yet to be demonstrated that the institution of a policy of direct access by INTELSAT would lead to a reduction in the charges that are paid by U.S. end users.

There is no question that direct access will not be available as a regulatory mechanism once INTELSAT is meaningfully privatized, as the "signatory/designated operating entity" structure contemplated under the INTELSAT operating arrangements will disappear.⁹ Therefore,

⁹ In this regard, Lockheed Martin notes that the Commission did not consider extending its inquiry into direct access to the INTELSAT spin-off, New Skies, N.V.; quite the contrary, the U.S. has withheld direct access by New Skies (except for Special Temporary Authority) until the Commission determines whether access by New Skies raises the potential for competitive harm. In making this assessment, the Commission will consider any potential anticompetitive or market distorting consequences of continued relationships or connections between INTELSAT and New Skies. *See Requests for Special Temporary Authority to Operate on Satellites Transferring to New Skies, N.V.*, File Nos. SES-STA-19980714-01603, et seq., slip op. at 3 (International Bureau, released November 30, 1998) (citing *Amendment of the Commission's Regulatory Policies to Allow Non-U.S. Licensed Space Stations to Provide Domestic and International Satellite Services in the United States*, 12

if INTELSAT privatization remains on track for completion during 2001, any direct access policy that may be adopted in the instant proceeding would be in place for at most 12-18 months.¹⁰ Even this is a somewhat unrealistically optimistic scenario as Congress is expected to renew the legislative initiative it was unable to complete at the end of the 105th Congress, and it is likely that additional guidance on direct access may be provided by the next Congress. The mere fact that any final Commission order establishing Level 3 direct access would have less than two years of vitality before it necessarily sunsets -- and possibly much less if Commission action to implement a congressional determination is required -- is reason enough for the Commission to determine that the implementation of direct access is unwarranted.

2. There Is No Credible Evidence To Suggest That Direct Access Advances The Commission's Goal Of Establishing Competition Where It Does Not Exist And Enhancing Competition Where It Does.

Another strong reason against the Commission's taking action on direct access stems from the uncertainty surrounding the upside potential that direct access presents for U.S. users of INTELSAT space segment capacity. In its *NPRM*, the Commission notes potential benefits of

FCC Rcd 24094, 24154-55 (1997)).

¹⁰ The earliest reasonable date for a final Commission decision to establish Level 3 direct access would be August 1999, approximately seven months after reply comments are filed in this proceeding. At that point, the Commission would also be expected to issue a further notice of proposed rule making to address the detailed questions of implementation of direct access that are not part of the instant proceeding. Even if that follow-on proceeding is expedited, the final decision thereon would probably not be issued until the second quarter of 2000, leaving but 12-18 months between the effective date of a direct access policy and the expected 2001 effective date of INTELSAT privatization.

direct access that fall into two basic categories: qualitative and monetary.¹¹ It observes, anecdotally, that “[t]he fact that 93 countries already permit some level of direct access may indicate international recognition of some of these benefits.”¹² It also goes on to cite discussions from the *COMSAT Non-Dominance* proceeding whereby certain COMSAT space segment charges were noted to be substantially higher than the corresponding INTELSAT Utilization Charge.¹³

It is not Lockheed Martin’s intention here to engage in a protracted discussion on the justifiability of COMSAT’s charges or their nexus to the INTELSAT Utilization Charge. In this connection, Lockheed Martin notes that the Commission has issued a series of specific requests for information to COMSAT with respect to its costs,¹⁴ and Lockheed Martin believes that any

¹¹ See *NPRM*, FCC 98-280, slip op. at ¶ 44. By “qualitative,” Lockheed Martin refers to such identified “benefits” as improved responsiveness to customer inquiries, flexibility in tailoring service arrangements to meet specific requirements, and greater nexus between the carrier and system managers on technical issues. No elaboration is provided on these matters, and there is no reason to believe that identification of these generic positive attributes of direct access suggest that corresponding deficiencies exist under today’s arrangements in the United States. By “monetary,” of course, Lockheed Martin refers to the “benefit” of the avoidance of mark-up costs that are charged by third parties.

¹² *Id.* Many of these countries have telecommunications policies and market structures that vary significantly from the United States. However, it is not generally assumed that these differences would suggest their way is more “beneficial” to consumers, or competition, than the U.S. approach.

¹³ *Id.* at ¶ 45 (citations omitted).

¹⁴ *Id.* at ¶¶ 47-48.

analysis of COMSAT's charges should be done later in the context of data that COMSAT supplies rather than now in a vacuum. On the other aspects of the Commission's discussion on potential benefits of direct access, however, Lockheed Martin is compelled to observe that there appears to be nothing that is sufficiently tangible -- either on its own or in combination with other postulated benefits -- to warrant the required investment of Commission resources to implement direct access for the limited time the mechanism would be in effect.

As an initial matter, Lockheed Martin finds little significance in the fact that 93 other administrations have implemented some form of direct access by INTELSAT to their national markets. In most of those instances, direct access is a device that enables an administration to authorize other entities to circumvent what often was a bottleneck in general telecommunications services -- i.e., the administration's Postal, Telegraph, and Telephone ("PTT") monopoly.¹⁵ The situation in the United States has been different from the outset. For this reason, there is no relevance to the fact that other administrations allow direct access by INTELSAT, and no reason for the U.S. to look to the actions of those administrations in seeking telecommunications policy guidance on an issue that relates to both market access and privatization. Realization of the basic structural differences between conditions in the United States and those that obtain elsewhere

¹⁵ This was clearly the case with respect to some of the major entrants on the lists of countries in which direct access is authorized (such as France, the United Kingdom, Sweden, Brazil, Germany, and Japan). *See id.* at Appendices A and B.

may, in fact, help explain why prior examinations into direct access failed to identify concrete monetary benefits.

It is also apparent that direct access to the U.S. market by INTELSAT is not, without more, a catalyst for privatization. Indeed, the opposite may be true. If there were a nexus between direct access and privatization, the sheer number of countries that have instituted some form of direct access since the early 1990s would have spurred privatization already.

Although detailed comment on the question of whether direct access by INTELSAT will provide cognizable benefits to consumers must await the submission by COMSAT of the information requested by the Commission, history indicates that there is little reason to expect that direct access by INTELSAT to carriers will lead to a reduction in the rates those carriers pay for INTELSAT space segment capacity. An examination of the potential for improvements to facilities-based competition that could conceivably flow from direct access reveals that direct access has very little to offer in this regard. In the *COMSAT Non-Dominance Order*, the precursor to the instant proceeding, the Commission found that there were certain routes where, “generally Comsat is the sole supplier of switched voice and private line services to and from the U.S. . . .”¹⁶ These countries are linked to the U.S. only by satellites, and typically only by INTELSAT satellites.¹⁷ On these routes, which the Commission has deemed “non-competitive,”

¹⁶ *COMSAT Non-Dominance Order*, 13 FCC Rcd at 14106.

¹⁷ *Id.* at 14107.

COMSAT remains subject to dominant carrier regulation, and all that that designation entails with respect to Commission scrutiny of COMSAT's rates and charges.¹⁸ By contrast, on routes where competition already exists, cost of capacity should be the driving consideration, and in the absence of a shortage of capacity, carriers and users would be expected to migrate to the least expensive provider(s), and direct access would not appear to benefit competition in either an intermodal or an intramodal context.

The upshot is that for the United States, direct access appears to have the potential to offer a "monetary" benefit only on non-competitive routes. However, on those routes, INTELSAT is typically the only satellite provider (perhaps because other operators with the ability to cover those markets see little or no commercial prospects there) and COMSAT's rates are heavily regulated. Here too, direct access appears to have no potential beneficial impact on facilities-based competition. Direct access also does not appear to have a downward influence on the rates carriers and ultimately their customers would pay for service on those routes. This is so even without regard to the fact that U.S. carriers are under no obligation to pass along any rate reductions they might receive.¹⁹

¹⁸ *Id.* at 14151.

¹⁹ Lockheed Martin also observes that the time that would be required to develop the necessary supporting rationale for any "monetary" benefits would further shorten any window for direct access. If the target date for the privatization of INTELSAT holds at mid-2001, then the extra time it takes to examine potential monetary factors will push back the "finalization" of a report and order on the *NPRM* later into 1999 or perhaps even back into 2000.

In short, when it looks into the question of potential “benefits” from the initiation of direct access by INTELSAT, Lockheed Martin is hard pressed to identify anything with sufficient certainty to merit the minimization of the broader concerns it has raised about the impact on the privatization process or the limited duration of direct access’ availability -- even without regard to the cost information that is to be supplied by COMSAT.

B. Adopting A Policy Of Direct Access By INTELSAT Now Could Seriously Delay Or Complicate The Critical Process Of Privatizing INTELSAT.

In its *NPRM*, the Commission devotes fully two-thirds of its analysis to issues of its statutory authority to implement direct access by INTELSAT to the United States.²⁰ By contrast, the issue of whether direct access would affect U.S. efforts to secure the pro-competitive privatization of INTELSAT merits but one paragraph at the tail end of the proposal.²¹ Lockheed Martin has no desire to underemphasize the importance of the statutory questions surrounding Level 3 direct access or its interest in the outcome of that analysis.²² Nevertheless, in terms of the importance of the two issues to the near-term direction of U.S. policy concerning COMSAT and INTELSAT, and to the ability of the U.S. satellite industry to compete in the global market

²⁰ *NPRM*, FCC 98-280, slip op. at ¶¶ 16-43.

²¹ *Id.* at ¶ 59.

²² Lockheed Martin agrees with the Commission’s tentative determination that “Level 4” direct access to INTELSAT could not be implemented consistent with the provisions of the Satellite Act. *Id.* at ¶ 15.

place in general, the relative emphasis that the Commission placed on the two subjects should have been juxtaposed. The more important question here is not whether the Commission has authority to take an action, but, considering the overall context of the Commission's policy objectives and the public interest, whether it should take an action.

In other words, even if it is assumed for the sake of discussion that the Commission possesses the statutory authority to permit INTELSAT to have direct access to the U.S. market (and Lockheed Martin does not address this point), the Commission should only do so if it helps – in a clear and significant way – to secure the pro-competitive restructuring of INTELSAT. After careful reflection on the subject, Lockheed Martin believes that the timing of this proceeding is such that establishment of Level 3 direct access by INTELSAT now would have a deleterious impact on the ongoing efforts of the United States Government as a whole (including the Commission) to foster the pro-competitive privatization of INTELSAT. Lockheed Martin also believes that the efforts of INTELSAT to deal with the period of confusion and flux that would flow from the establishment of direct access involving a signatory as large as COMSAT would distract INTELSAT's management from its own focus on privatization at a time when such distractions can be ill-afforded.

It will be a tremendous challenge for U.S. policymakers and lawmakers to ensure that INTELSAT makes a smooth transition from a multilateral intergovernmental organization with attendant privileges and immunities into an entity with the ability and corporate mindset to compete fairly on an intramodal basis. To be sure, most if not all of the key participants in the

INTELSAT discussions identify "privatization" as the target for which they are shooting; it is not quite so clear, however, that there is a similar consensus on the best way for INTELSAT to get from where it is today to where it will need to be if concerns about the organization's impact on the U.S. competitive environment are to be allayed.²³

In Lockheed Martin's view, the Commission cannot afford to defocus itself or INTELSAT from the issues of privatization, nor to disincentivize in any way -- however, unintentionally -- INTELSAT from the complex, but important, task of achieving a speedy, meaningful privatization. The instant proceeding, which cannot be viewed in isolation from surrounding policy considerations, clearly has the potential to bring about these negative results.

²³ Many in the U.S. believe that the removal of INTELSAT's immunities from U.S. antitrust laws is a key element of a meaningful transition. *See, e.g., COMSAT Non-Dominance Order*, 13 FCC Rcd at 14161-63. The objectives of INTELSAT itself in the privatization process, by contrast, have more to do with removing the constraints INTELSAT believes it has by virtue of its structure in responding to the marketplace pressures it faces. *See* Testimony of Conny Kullman, Director General and CEO-Designate, INTELSAT, at U.S. Senate Hearing Before the Subcommittee on Communications, Committee on Commerce, Science, and Transportation (September 10, 1998). These differences in focus, while not necessarily inconsistent, demonstrate that all involved have much work to do between now and 2001. Furthermore, the U.S. should avoid engendering debate as to whether direct access on a worldwide benefit would provide an alternative means of achieving some of the more readily accepted benefits of privatization.

**C. The Commission Should Not Pursue Direct Access Pending Developments
In The INTELSAT Privatization Process.**

For the reasons identified above, Lockheed Martin does not believe the Commission should pursue direct access as it has proposed in the *NPRM*.

This does not mean, however, that the Commission should do nothing regarding the subject of INTELSAT's access to the U.S. market. The Commission, along with Congress and the Executive Branch, should use the record developed in this proceeding to refine further U.S. objectives with respect to INTELSAT's privatization, and to identify the appropriate way for the U.S. to encourage INTELSAT to bring the process of privatization to a satisfactory conclusion. As noted above, no single matter pertaining to the subject areas address in the Commission's *NPRM* can be decided in isolation, and the disposition of any such matter must at the least contain a well-reasoned exploration of the impact on the others (as Lockheed has provided in its instant Comments). By providing an opportunity for the views of interested parties to be factored into the broader policymaking effort related to INTELSAT, the Commission advances the public interest generally, and helps ensure that the United States can avoid delaying or possibly derailing the INTELSAT privatization process, a process that Lockheed Martin and others consider to be absolutely essential to the attainment of a fully competitive international marketplace for commercial satellite facilities and services.

III. CONCLUSION

There is no issue more relevant to the enhancement of facilities-based competition in international satellite services than that associated with the introduction of a privatized INTELSAT into the marketplace in or about the year 2001. The pro-competitive privatization of INTELSAT is the key to achieving the core policy objective identified in the *NPRM* -- i.e., enhancement of competition in international telecommunications services.

For all of the reasons provided above, Lockheed Martin has concluded that the establishment of Level 3 direct access to the United States market would not only fail to advance the Commission's stated policy objective, it would have a negative and perhaps derailing impact on the process of meaningfully privatizing INTELSAT. Moreover, it would risk these intolerable results in pursuit of "benefits" that are both uncertain and at best of very limited duration.

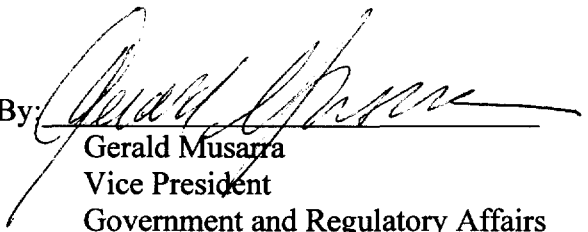
As a result, Lockheed Martin urges the Commission to place the highest priority on constructive efforts to achieve privatization of INTELSAT and to conclude that on balance, the concession of direct access would be counterproductive to important U.S. national competition and telecommunications policy objectives.

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